



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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April 26, 2011

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To: Mayor Michael D. Antonovich  
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Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name.

### **PRELIMINARY REPORT - PALMDALE MERGED REDEVELOPMENT PROJECT PLAN AMENDMENTS - CITY OF PALMDALE (FIFTH DISTRICT)**

Consistent with Board policy and direction, we are advising your Board that the Community Redevelopment Agency of the City of Palmdale (Agency) sent us the Preliminary Report for the Expansion Area Amendment to the Merged Redevelopment Project Area. The Preliminary Report includes the following information:

- Map of the Project Area (Attachment I)
- Physical and Economic Conditions of Blight (Attachment II)
- List of Planned Projects (Attachment III)
- Distribution of Estimated Tax Increment (Attachment IV)

The amendment proposes to add approximately 7,787 acres to the Merged Project Area. The amended Merged Project Plan would also aggregate the three existing bonded indebtedness limits for the Merged Project Area and the Expansion Area into one limit of \$1.45 billion. The Agency indicates that the amendments will provide it with the financial flexibility necessary to complete the redevelopment program activities identified in each existing area to cure remaining blight, and provide resources to address blight in the Expansion Area.

*"To Enrich Lives Through Effective And Caring Service"*

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Each Supervisor  
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Our Office conducted an analysis of the proposed amendments, which included a review of the Preliminary Report and site visits to the Expansion Area. Based on the analysis, this Office had some initial concerns regarding the issues of urbanization and blight requirements in some of the proposed areas. However, through additional work with the Agency and the receipt of supplemental information, those concerns were resolved. The Agency has scheduled the Public Hearing to adopt the proposed redevelopment amendment for May 4, 2011. If you have any questions or need further information, please contact me, or your staff may contact Bob Moran at (213) 974-1130, or via email at [rmoran@ceo.lacounty.gov](mailto:rmoran@ceo.lacounty.gov).

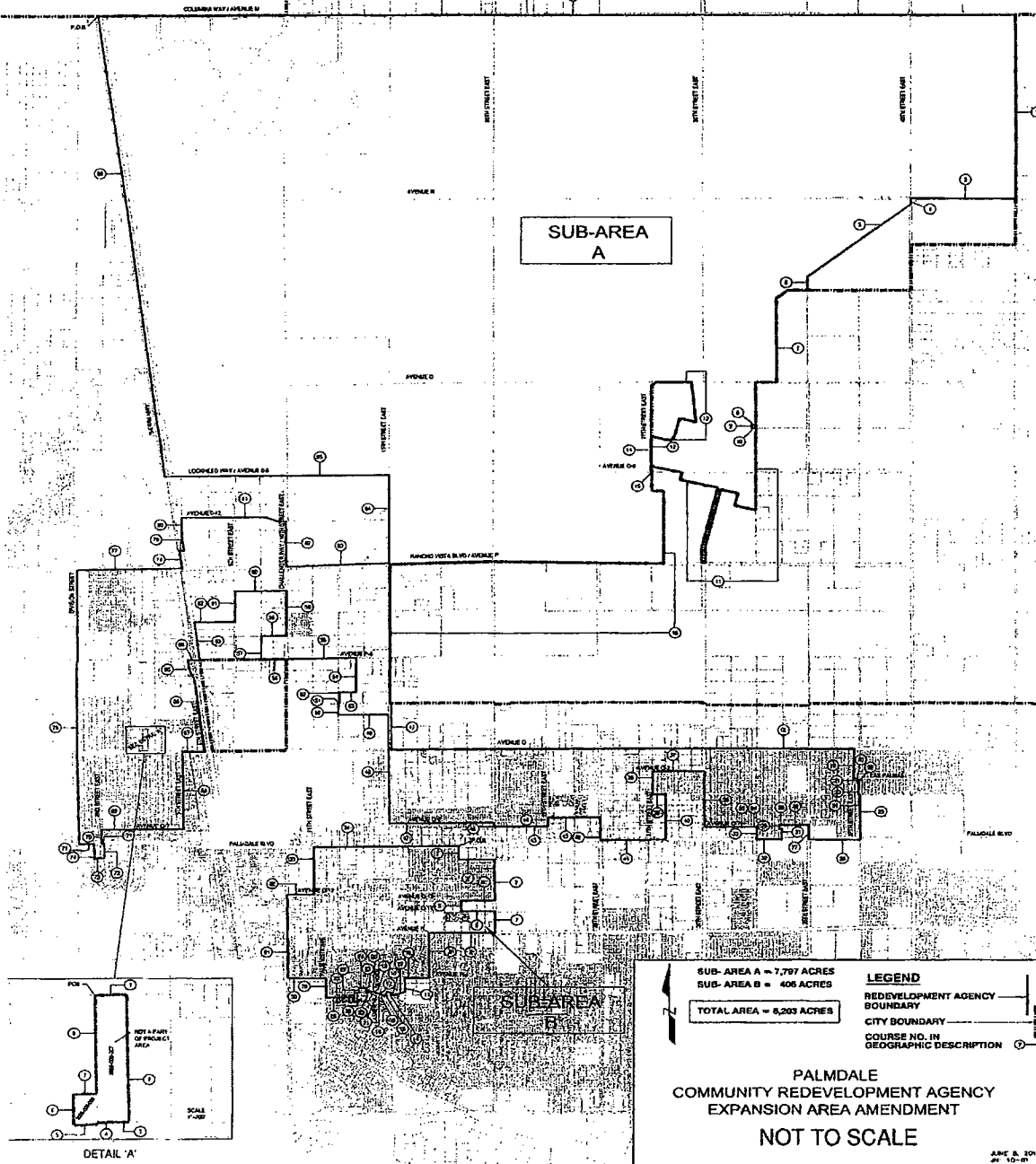
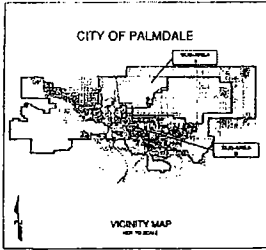
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Attachments (4)

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller

# Palmdale Merged Redevelopment Project Expansion Areas

## CITY OF PALMDALE



**PROJECT AREA DESCRIPTION**  
**PHYSICAL AND ECONOMIC CONDITIONS OF BLIGHT**  
(From Agency's Preliminary Report)

Physical and Economic Blight Conditions:

- Between January 2005 and March 2010, 173 serious code violations occurred in the Expansion Area. The most prevalent serious code violations were substandard utilities (56 cases), unpermitted construction (38 cases) and illegal occupancy (48 cases).
- Although the Expansion Area comprises only 12 percent of the total City acreage, a disproportionate percentage of serious code violations (22 percent) occurred in the Expansion Area between January 2005 and March 2010.
- There are 313 Expansion Area parcels exhibiting serious dilapidation and deterioration and approximately 63 percent of these show two or more serious conditions of deterioration.
- Nearly 70 percent of Area A parcels are deteriorated and dilapidated.
- Plant 42 buildings suffer from inadequate electrical systems, plumbing systems, fire suppression systems, and deteriorating structures.
- In 1972, the Sylmar Earthquake prompted comprehensive reevaluation of earthquake building standards. Approximately, 82.7 percent of Expansion Area buildings were constructed before 1972, leaving a large majority of Expansion Area homes and workplaces vulnerable to seismic activity.
- The emergence of composite technologies in the aerospace industry requires manufacturing facilities to have a complex cooling system, because composites are vulnerable to degradation of particular materials and oxidation of polymers. Only two buildings on Plant 42 are equipped with sufficient cooling systems and thus many of the buildings have become obsolete.
- In the Expansion Area, 47 percent of residential lots, 16 percent of commercial lots, and 79 percent of industrial lots do not meet minimum lot size requirements and hinder the viable use of these lots.
- Median homes values on inadequately sized parcels are lower than those of adequate size.
- Of the 1,975 lots that do not meet minimum lot size requirements, 1,784 are in multiple ownership making it difficult for developers and users to assemble parcels for development.
- From 2006 to 2009, Expansion Area median home sale prices fell from \$328,000 to \$103,500, a 68.4 percent depreciation.

**LIST OF ESTIMATED PROGRAM COSTS IN THE EXPANSION AREA**

<b>Item or Program</b>	<b>Amount</b>
20% Housing Set-Aside	\$232,000,000
Public Facilities and Infrastructure	\$184,200,000
Transportation	\$105,300,000
Economic Development and In-Fill	\$184,200,000
Environmental Remediation and Brownfields Remediation	\$52,600,000
<b>Total</b>	<b>\$758,300,000</b>

## DISTRIBUTION OF ESTIMATED TAX INCREMENT IN THE EXPANSION AREA

**Time Limit of Plan – 45 Years (Maximum allowable under Law).**

### **Estimated Project Revenues**

• Assumed Annual Real Property Growth Rate:	3%
• New Value added to Expansion Area:	\$ 1,709,066,906
• 2012-13 Total Estimated Tax Increment:	\$ 1,220,035
• Gross Estimated Increment (through 2056-57):	\$ 1,183,516,358
• County Admin. Fee (2%)	\$ 23,670,327
• Housing Set-Aside (20% net of Admin. Fee):	\$ 231,969,206
• Total Pass-through Payments With Project:	\$ 401,563,928
• Net Available for Redevelopment:	\$ 526,312,897